

Durham Neighborhood Housing Services: Reversing Neighborhood Decline

Since 1980, Durham Neighborhood Housing Services (NHS) has offered free financial counseling and technical assistance to all property owners in the Old North Durham neighborhood (see map below). The program's goal is to reverse neighborhood decline by bringing together the resources that contribute to reinvestment and growth: residents, business, and government. A volunteer board of directors that represents each of these elements runs the organization with a paid staff of three professionals carrying out the daily delivery of services. In the four cases described in this article, Durham NHS served as a bridge between the private and public sectors to achieve the renovation of under-maintained property. The improvement of each of these properties directly led to additional reinvestment in adjacent properties in the neighborhood.

where they needed a loan to make repairs and then needed to make the repairs so that they could qualify for a loan. Durham NHS made a short-term construction loan of \$2000 for exterior painting and porch repairs. At the completion of this project, the VA approved the refinancing loan and the extensive interior renovation took place under the supervision of the NHS rehabilitation specialist.

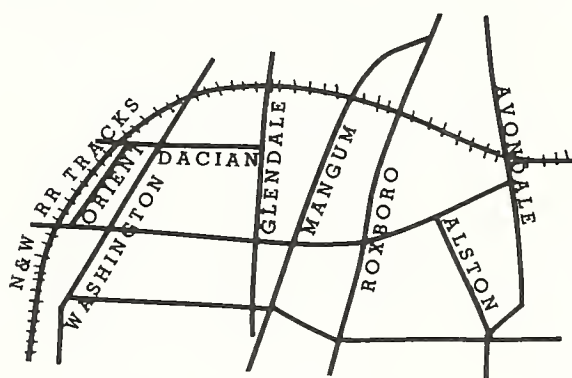
1210 N. Roxboro Street

A middle-aged couple lived in this one-story frame building for nearly fifteen years. They had a joint income of around \$15,000 and had several credit obligations in addition to the relatively low mortgage payment on their home. They consulted with Durham NHS and chose to consolidate some of their major obligations along with a home improvement loan from First Union Mortgage Corporation. Debt consolidation actually improved their monthly cash flow by about \$35. In addition, they were able to pay for repairs to their home totalling around \$8,000. These repairs included roof replacement, kitchen remodelling, foundation repairs, and energy conservation. Energy conservation loans are made by Durham NHS for any property in the neighborhood that meets minimum housing code standards.

1715 Hamlin Street

By 1981, this two-story brick residence was vacant and subject to increasing vandalism. Attempts to sell the property failed because of the extensive rehabilitation that was required. All appraisals determined a value of the property in its current condition. Durham NHS worked with Mutual Savings and Loan Association to appraise the property in an "as improved" condition. Using a scope of work and cost estimate prepared by the Durham NHS rehabilitation specialist, Mutual S & L appraised the property at \$37,500 "as improved," an amount \$13,500 greater than the purchase price. Mutual agreed to make the loan to purchase the house if Durham NHS took a second mortgage loan for the rehabilitation work. The total obligation of the buyers comes to around \$520 per month. During the winter of 1981-1982, the new owners completed the

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OLD NORTH DURHAM

1310 Shawnee Street

The renovation of this one-story Cape Cod style residence has been the catalyst for several improvement projects on this street. The owners wanted to make major improvements including refinishing a large attic space as a room for family and guests. Their existing indebtedness for their house, cars, and education left them with no disposable income. They tried to refinance their home through the Veterans Administration but their request for funds was so substantial that the VA required basic repairs to be completed before approving the refinancing package. The owners were caught in a situation

following rehabilitation work: roof replacement and installation of gutters and downspouts; masonry and foundation repair; new kitchen cabinets, attic insulation and ventilation system; storm windows and doors; porch handrails; interior carpentry and ceiling repair; attic finish; and a new bathroom in the attic. The owner invested his own savings and a great amount of his own labor to increase the amount of "rehab" work accomplished during this phase of the project. He is currently applying for FHA-insured refinancing to complete his project.

113 E. Seeman Street

This home, built in the 1890s, was one of the most obvious eyesores in Old North Durham when Durham NHS began operations in 1980. The owner was a handicapped man who had inherited the property from his parents in the late 1960s. He was unable to maintain the residence and had no family or adequate source of income to assist him. Durham NHS coordinated a stabilization effort in 1980 and 1981 designed to utilize volunteer services, local contributions, and weatherization grants from Operation Breakthrough. Fraternities from Duke and North Carolina Central universities scraped and sanded the house along with residents and NHS staff. Students from Durham Technical Institute used the house for carpentry and plastering workshops. Operation Breakthrough crews replaced broken windows and added insulation in the attic.



The house stood in this condition through most of 1981 and the winter of 1982, while the owner underwent treatment in a state hospital. In the spring of 1982, Durham NHS agreed to lend the owner the funds to convert the property into an owner-occupied duplex with the rent from the upstairs area paying for the rehabilitation loan. The rent of this unit will be subsidized through the Section 8 Moderate Rehabilitation program. The total loan proceeds equal \$27,750 including a payment to the state of North Carolina for a lien incurred as a result of the owner's medical treatment. Monthly payments to Durham NHS will be \$231 and the Section 8 rent of \$329 will be sufficient to make loan payments, as well as to pay taxes, insurance, and monthly maintenance costs.

As of September 1982, Durham NHS has approved twenty loans totalling almost \$200,000. During the two and one-half years since NHS began operations, over \$1 million in reinvestment has been documented. This reinvestment includes rehabilitation of owner-occupied and rental properties, capital improvements by the city, and new residential construction projects. The role of NHS is to create an atmosphere of confidence so that the residents, lending institutions, and local government will invest their dollars in the physical improvement of the neighborhood. This physical change is directly related to a change in attitudes about the neighborhood and an improvement in the overall quality of life.



113 E. Seeman Street

The Durham Neighborhood Housing Services is partially supported by a federally chartered organization called the Neighborhood Reinvestment Corporation (NRC). This nonprofit corporation has helped start Neighborhood Housing Services (NHS) programs in 130 cities across the country since its inception in the early seventies. The success of the programs is demonstrated by the fact that a dollar of public funds spent by a NHS generates an average of ten private dollars. In fact, federal funding for the NRC since 1977 has increased from \$10 million to \$14 million, and the Reagan administration intends to increase the corporation's budget by twelve percent in fiscal year 1983.